

EXHIBIT 17

Memorandum

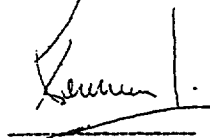
To: Steve Mitchell
CC: Sal Nociforo A.I.E., New York
John Keogh Lexington, Boston
From: Keith Peacock
Date: 30/10/98
Re: Film Finance Business

This will confirm our conversation of this morning that we henceforth will not be accepting any further Financial Guarantee Insurance.

This decision is taken despite the strong contractual control, very conservative Net Retention and rigid selective process we have exercised.

My interpretation is that this decision is not negotiable.

Regards,



Keith J. Peacock

59/AIG/KP1 -
00184

LEX-01 006960

1 of 4

URGENT

FOR THE ATTENTION

✓ MR. K. H. KELLEY
MR. J. KEOGH

FAX: 001 212 809 0638

59/AIG/KP1 -
00176

LEX-01 006952

Lexington Insurance
Company.

facsimile transmittal

To: Kevin Kelley Fax: 001 212 809 1533
From: Keith Peacock Date: 4th November, 1998.
Re: Film Finance Business Pages: 3
CC: Sal Nociford, John Keogh, Steve Mitchell
☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

We've had a modest involvement in this business from firstly in 1996 in terms of a
"following line".

Following the arrival of Steve Mitchell who we felt had a lot to offer in this particular
class and was one reason for his joining us. We took a higher profile, writing bigger
programmes, but heavily backed by facultative Reinsurance.

59/AIG/KP1 -
00177


LEX-01 006953

Prior to my meeting on Friday 30th October, 1998 with Mr. Greenberg we had recently committed to Lloyd Thompson on a new slate of 32 films financed by Credit Suisse First Boston to a total value of \$ 100,000,000 generating Gross Premiums of \$10,000,000. We will keep

" \$ 250,000 net per film. "

Given our current position ~~and~~ withdrawing from his business I would appreciate your advices.

Best Regards

A handwritten signature in dark ink, appearing to read 'Keith Peacock', is written over a horizontal line. The signature is stylized and cursive.

Keith Peacock.

59/AIG/KP1 -
00178

LEX-01 006954

BROKER	INSURED	FILM	PERIOD	TOTAL SUM INSURED	TOTAL PREMIUM	OUR SHARE	COMA.	OUR SHARE (%)	OUR SHARE (%)	FACED
Presents	Health Group	Chemical Bank	The entire last two books	01.08.98 to 7	17,402,078.00	1,189,082.00	32,828.00	NIL	480,781.00	NIL
	Health Group	Chemical Bank	Any Foster	02.09.98 for 36 months	8,208,680.00	445,810.00	13,457.00	NIL	263,390.00	NIL
	Health Group	Chase Manhattan	The people - Larry Fish	02.09.98 for 36 months	16,560,317.00	1,140,681.00	31,586.00	NIL	461,492.00	NIL
	Health Group	Chase Manhattan	Agri Field	10.02.97 for 36 months	10,141,350.00	520,937.00	14,596.00	NIL	280,815.00	NIL
	Health Group	Chase Manhattan	Shy Dogs	13.12.98 for 36 months	14,984,457.00	714,155.00	19,782.00	NIL	390,139.00	NIL
Sub Total				67,718,112.00	4,056,641.00	112,248.00			1,876,717.00	
Paramount One	Health Group	Chase Manhattan Bank	The Phantom	07.09.98 to 3 yrs after release	6,846,808.00	992,315.00	42,325.14	20%	491,068.00	NIL
	Health Group	Chase Manhattan Bank	Beast and the Beast	23.09.98 to 3 yrs after release	7,653,270.00	823,635.00	36,608.02	20%	425,179.00	NIL
	Health Group	Chase Manhattan Bank	h/v Out	23.09.98 to 3 yrs after release	6,371,657.00	685,714.00	30,476.20	20%	353,981.00	NIL
	Health Group	Chase Manhattan Bank	The Tumbler Show	27.03.97 to 3 yrs after release	9,000,000.00	1,533,812.00	85,304.00	20%	500,000.00	NIL
	Health Group	Chase Manhattan Bank	Sub Total		31,872,745.00	3,995,331.00	194,813.36		1,770,758.00	
Paramount Two	Health Group	Chase Manhattan Bank	The Saint	03.04.97 to 3 yrs after release	13,972,477.00	964,888.00	25,994.00	NIL	374,462.00	NIL
	Health Group	Chase Manhattan Bank	Mighty Heart	16.05.97 to 3 yrs after release	15,041,710.00	1,078,072.00	27,351.00	NIL	403,104.00	NIL
	Health Group	Chase Manhattan Bank	Face Of	16.05.97 to 3 yrs after release	18,485,190.00	1,263,418.00	33,860.00	NIL	485,402.00	NIL
	Health Group	Chase Manhattan Bank	Evered Holston	11.08.97 to 3 yrs after release	16,600,000.00	1,332,807.00	35,718.00	NIL	498,480.00	NIL
	Health Group	Chase Manhattan Bank	Sub Total		64,099,377.00	4,579,231.00	122,774.00		1,771,446.00	
Paramount Three	Health Group	Chase Manhattan Bank	Rise the Gifs	03.10.97 to 3 yrs after release	5,837,178.00	396,848.00	8,925.00	NIL	130,578.00	NIL
	Health Group	Chase Manhattan Bank	Scuba Eyes	17.12.97 to 3 yrs after release	15,425,346.00	1,084,912.00	23,600.00	NIL	345,289.00	NIL
	Health Group	Chase Manhattan Bank	A night at the Playboy	17.12.97 to 3 yrs after release	7,214,125.00	483,071.00	11,030.00	NIL	161,380.00	NIL
	Health Group	Chase Manhattan Bank	Odd Couple II	17.12.97 to 3 yrs after release	14,492,607.00	990,536.00	22,158.00	NIL	324,280.00	NIL
	Health Group	Chase Manhattan Bank	Sub Total		41,979,256.00	2,957,467.00	65,713.00		961,447.00	
MGM	Health Group	United Artists	Welcome to Whomp Whomp	08.01.98 to 2 1/2 yrs after release	2,050,308.00	232,187.00	42,213.00	20%	372,746.00	NIL
	Health Group	United Artists	Lincoln	08.01.98 to 2 1/2 yrs after release	795,921.00	33,515.00	6,092.00	20%	53,796.00	NIL
	Health Group	United Artists	December	08.01.98 to 2 1/2 yrs after release	4,931,124.00	51,200.00	8,308.00	20%	82,156.00	NIL
	Health Group	United Artists	Magic from another room	08.01.98 to 2 1/2 yrs after release	1,493,130.00	168,097.00	30,742.00	20%	271,451.00	NIL
	Health Group	United Artists	Hardcore Streets	08.01.98 to 2 1/2 yrs after release	338,185.00	34,301.00	6,863.00	20%	61,464.00	NIL
Lloyd Thompson	Health Group	United Artists	One Man's Hero	08.01.98 to 2 1/2 yrs after release	2,387,384.00	286,104.00	48,711.00	20%	430,387.00	NIL
	Health Group	United Artists	I Don't Know, don't touch me	08.01.98 to 2 1/2 yrs after release	347,021.00	39,306.00	7,146.00	20%	63,096.00	NIL
	Health Group	United Artists	Best Men	08.01.98 to 2 1/2 yrs after release	1,662,692.00	188,500.00	34,233.00	20%	302,377.00	NIL
	Health Group	United Artists	Hangin' Garden	08.01.98 to 2 1/2 yrs after release	211,372.00	22,938.00	4,352.00	20%	36,427.00	NIL
	Health Group	United Artists	Sub Total		4,581,801.00	519,444.00	94,472.00		814,189.00	
Credit Suisse from Boston	Health Group	United Artists	Tilbury - TV Series	08.12.96 for 24 months	1,600,000.00	160,000.00	24,000.00	NIL	240,000.00	NIL
	Health Group	United Artists	Fishy Vene	03.06.98 for 24 months	33,600,000.00	3,360,000.00	3,360,000.00	20%	33,600,000.00	
	Health Group	United Artists	Flamenco	03.06.98 for 24 months	5,600,000.00	2,340,000.00	2,240,000.00	20%	5,600,000.00	
	Health Group	United Artists	State of 4 Films	03.06.98 for 24 months	22,400,000.00	2,240,000.00	2,240,000.00	20%	22,400,000.00	
	Health Group	United Artists	Regent	03.06.98 for 24 months	5,000,000.00	2,600,000.00	2,600,000.00	20%	5,000,000.00	
Sub Total				83,600,000.00	8,340,000.00	8,274,000.00			83,240,000.00	
Sedgwick	Health Group	United Artists	Wage Road Show	01.08.98 for 24 months	55,000,000.00	5,382,500.00	160,875.00	20%	250,000.00	NIL
	Health Group	United Artists	State of 5 Films	01.08.98 for 36 months	75,000,000.00	7,312,500.00	148,250.00	20%	1,750,000.00	NIL
	Health Group	United Artists	Village Road Show	01.08.98 for 36 months	138,000,000.00	12,875,000.00	387,125.00	20%	250,000.00	NIL
	Health Group	United Artists	State of 5 Films	01.08.98 for 36 months	138,000,000.00	12,875,000.00	387,125.00	20%	250,000.00	NIL
	Health Group	United Artists	Sub Total		307,000,000.00	28,435,000.00	884,450.00		880,000.00	
Sterling Corder	Health Group	Chase Manhattan Bank	Wonderly	30.09.98 for 18 months	2,530,000.00	253,000.00	40,600.00	20%	560,000.00	NIL
	Health Group	Chase Manhattan Bank	Chase Manhattan	31.10.98 for 18 months	3,000,000.00	300,000.00	27,854.00	20%	300,000.00	NIL
	Health Group	Chase Manhattan Bank	Sub Total		5,530,000.00	553,000.00	68,454.00		860,000.00	
	Health Group	Chase Manhattan Bank	Sub Total		423,487,284.00	48,378,444.00	5,189,483.37		97,314,587.00	
	Health Group	Chase Manhattan Bank	Sub Total		423,487,284.00	48,378,444.00	5,189,483.37		97,314,587.00	

59/AIG/KP1 -
00179

LEX-01 006955

EXHIBIT 18

HF4-5/LEX/596 -
00247

LEXINGTON INSURANCE COMPANY
200 STATE STREET
BOSTON, MASSACHUSETTS 02109

Kevin H. Kelley
Chairman and Chief Executive Officer

Page 1 of 2

Fax # 011-44171-480-6266

FACSIMILE COVER SHEET

TO: Mr. Keith Peacock

FROM: Kevin H. Kelley

DATE: July 20, 1999

RE: AI Entertainment / lex london film finance Accounts

WITH ANY INQUIRIES. PLEASE CALL
CAROLINE MULLIN: (617) 330-8203

FOR IMMEDIATE DELIVERY PLEASE

let's discuss.

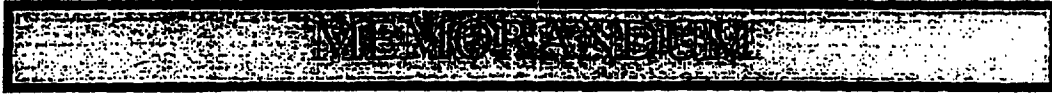
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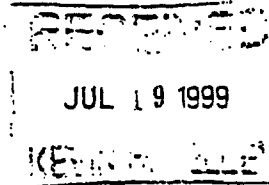
212 770 7600 TO KELLEY

P.01/02

HF4-5/LEX/596 -
00248



July 19, 1999



TO: Kevin Kelley

FR: T. R. Tizzio

RE: AI Entertainment/Lexington London Film Finance Accounts

I have discussed with Sal Nociforo reinsuring the in force business. I understand the difficulty – and suggest that you get involved as well to see what can be done..

I find it hard to understand how this business was written against company guidelines. Were any audits ever conducted of the office? If so, why wasn't it picked up that we were writing the business?

Let's discuss.

Tom

-cc: Kevin P

Let's discuss.

-kh

cc: Sal Nociforo

TRT:maj

7-20

DEC 21 '98 11:31 FR AI ENTERTAINMENT

213 689 3841 TO 16173454152

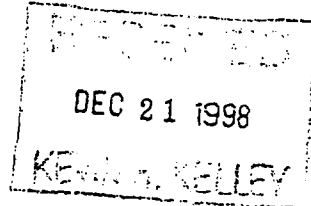
P. 01/07

HF4-5/LEX/596 -
00250

30 Pine Street, 3rd Floor
New York, NY 10005
TEL: 212-770-8910
FAX: 212-809-1532

AI ENTERTAINMENT

Fax



To: John Keogh-FAX: 617-772-4571

From: SAL NOCIFORO

Kevin Kelley-FAX: 617-345-4152 ✓

Fax:

Pages: 7

Phone:

Date: 12/21/98

Re:

CC:

☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

• Comments:

See attached from Steve Mitchell. I believe this clears up some of our questions, however, please advise any other questions you might have and I will make sure they get answered in a timely fashion.

LEX-01 037935

DEC 21 '98 11:31 FR AI ENTERTAINMENT 213 689 3841 10 16173454152 P.02/07
 21/12 '98 MON 11:20 FAX 01712048769 LEXINGTON LINE ST.
 HF4-5/LEX/596 -
 00251

AI ENTERTAINMENT
 40 LIME STREET
 LONDON
 EC3M 7AY
 TEL: 0171 204 8711
 FAX: 0171 204 8769

FACSIMILE TRANSMITTAL SHEET

TO:	FROM:
SAL NOCIFORO	STEVE MITCHELL
COMPANY:	DATE:
AIE (NEW YORK)	12/21/98
FAX NUMBER:	TOTAL NO. OF PAGES INCLUDING COVER:
	6
PHONE NUMBER:	SENDER'S REFERENCE NUMBER:
RE:	YOUR REFERENCE NUMBER:
FILM PROJECTS	

☐ URGENT ☐ FOR REVIEW ☐ PLEASE COMMENT ☐ PLEASE REPLY ☐ PLEASE RECYCLE

NOTES/COMMENTS:

Sal,

Further to the discussions with Keith Peacock please see below the list of placements relating to film finance duly reconstituted.

There are a couple of points that need to be recognised:-

1. The claim determination date of any slate of films where we have highlighted the names of productions, films already being released, is the period post the last released date of any film on the slate. For example under the Phoenix placement Apt Pupil was the last film released on 10.02.97 which means that the period in full runs to 10.02.00.
2. On those cases where we have purchased Fac R/I we are effectively fronting the entire placements. This earns \$ 717,613.00 in override. Further, we were paid \$100,000.00 to cover our share of the work with solicitors to set up collateral and various other agreements.

LEX-01 037936

DEC 21 '98 11:31 FR AI ENTERTAINMENT
21/12 '98 MON 11:21 FAX 01712048769

213 689 3841 TO 16173454152
LEXINGTON LINE ST.

P.03/07

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2:

3. You will notice a sheet headed PIPELINE and these are films where we have currently indicated a participation which have yet to come to slip.
4. The last sheet relates to very early placements of TVC policies, being those projects that predated the later real 'Film Finance' deals.

I hope the above and the following is now clear for your purposes. No doubt you will give me a ring should it be otherwise.

Regards,



Steve Mitchell.

DEC 21 '98 11:32 FR AI ENTERTAINMENT
21/12 '98 MON 11:21 FAX 61712048769

213 689 3541 TO 16173454152

P.04/07

HF4-5/LEX/596 -
00253

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PAGE. 02

ROKER	INSURED	PROJECT	FILM	PERIOD	TOTAL SUM INSURED	OUR SHARE (\$)	FAC RT	NETT SHARE	TOTAL PREMIUM	OUR SHARE	NET PREM
Business 21st Group	Chemical Bank	PHOENIX	The Mirror has two faces	01.09.96 to 36 months	17,403,872.00	440,781.00	NIL	459,781.00	1,110,002.00	52,838.00	52,838.00
	Chemical Bank		Any Prefect	02.09.96 to 36 months	9,300,000.00	230,300.00	NIL	230,300.00	440,190.00	13,637.00	13,637.00
	Chase Manhattan		The People vs. Larry Flynt	02.09.96 to 36 months	10,800,377.00	441,402.00	NIL	441,402.00	1,140,804.00	51,896.00	51,896.00
	Chase Manhattan		Art Pupp	10.07.97 to 36 months	10,141,509.00	248,915.00	NIL	248,915.00	928,937.00	14,596.00	14,596.00
	Chase Manhattan		Grey Dogs	13.12.98 to 36 months	14,864,457.00	300,136.00	NIL	300,136.00	711,105.00	10,782.00	10,782.00
			Sub Total		47,310,512.00	1,319,717.00		1,319,717.00	4,950,448.00	112,309.00	112,309.00
Business 21st Group	Chase Manhattan Bank	PARAMOUNT ONE	The Phantom	07.02.99 to 3 yrs after release	6,944,008.00	481,000.00	NIL	481,000.00	932,315.00	42,323.14	42,323.14
	Chase Manhattan Bank		Beethoven and the Beast	23.06.98 to 3 yrs after release	7,453,259.00	425,179.00	NIL	425,179.00	927,035.00	36,608.62	36,608.62
	Chase Manhattan Bank		In 'n' Out	23.06.98 to 3 yrs after release	6,371,867.00	353,041.00	NIL	353,041.00	933,714.00	30,471.30	30,471.30
	Chase Manhattan Bank		The Phantom Show	27.03.97 to 3 yrs after release	6,000,000.00	300,000.00	NIL	300,000.00	1,553,873.00	53,284.00	53,284.00
	Chase Manhattan Bank		Sub Total		31,972,134.00	1,779,760.00		1,779,760.00	3,893,337.00	104,664.36	104,664.36
Business 21st Group	Chase Manhattan Bank	PARAMOUNT TWO	The Saint	03.04.87 to 3 yrs after release	13,972,477.00	374,492.00	NIL	374,492.00	934,948.00	35,194.00	35,194.00
	Chase Manhattan Bank		Magik Hour	18.03.97 to 3 yrs after release	13,041,519.00	403,964.00	NIL	403,964.00	1,038,037.00	37,891.00	37,891.00
	Chase Manhattan Bank		Fame Out	18.05.97 to 3 yrs after release	10,495,159.00	493,492.00	NIL	493,492.00	1,283,479.00	33,860.00	33,860.00
	Chase Manhattan Bank		Event Horizon	11.08.97 to 3 yrs after release	10,800,000.00	490,490.00	NIL	490,490.00	1,232,892.00	39,718.00	39,718.00
	Chase Manhattan Bank		Sub Total		48,309,055.00	1,777,448.00		1,777,448.00	4,379,316.00	122,754.00	122,754.00
Business 21st Group	Chase Manhattan Bank	PARAMOUNT THREE	Kiss the Girls	03.10.87 to 3 yrs after release	5,837,179.00	130,378.00	NIL	130,378.00	346,894.00	4,970.00	4,970.00
	Chase Manhattan Bank		Snake Eyes	17.12.97 to 3 yrs after release	10,430,500.00	343,300.00	NIL	343,300.00	1,050,873.00	24,800.00	24,800.00
	Chase Manhattan Bank		A Night at the Playboy	17.12.97 to 3 yrs after release	7,314,125.00	181,360.00	NIL	181,360.00	423,971.00	11,808.00	11,808.00
	Chase Manhattan Bank		Odd Couple II	17.12.97 to 3 yrs after release	14,492,007.00	324,300.00	NIL	324,300.00	890,539.00	22,198.00	22,198.00
	Chase Manhattan Bank		Sub Total		48,073,211.00	881,447.00		881,447.00	2,307,516.00	65,712.00	65,712.00
Business 21st Group	United Artists	MGM	Welcome to Whoop Woop	04.01.98 to 2 1/2 yrs after release	2,049,304.00	372,746.00	NIL	372,746.00	782,187.00	42,213.00	42,213.00
	United Artists		Lavish	04.01.98 to 2 1/2 yrs after release	299,821.00	63,186.00	NIL	63,186.00	1,313,510.00	6,092.00	6,092.00
	United Artists		Deeply	04.01.98 to 2 1/2 yrs after release	652,134.00	92,190.00	NIL	92,190.00	1,510,000.00	8,300.00	8,300.00
	United Artists		Mark from another room	04.01.98 to 2 1/2 yrs after release	1,492,130.00	271,461.00	NIL	271,461.00	1,059,897.00	50,742.00	50,742.00
	United Artists		Horizons	04.01.98 to 2 1/2 yrs after release	338,182.00	61,464.00	NIL	61,464.00	34,381.00	9,003.00	9,003.00
Business 21st Group	United Artists	MGM	One Minute Hero	04.01.98 to 2 1/2 yrs after release	2,307,394.00	430,387.00	NIL	430,387.00	1,060,104.00	40,741.00	40,741.00
	United Artists		I Love You, Don't Touch me	04.01.98 to 2 1/2 yrs after release	317,873.00	60,908.00	NIL	60,908.00	30,504.00	7,144.00	7,144.00
	United Artists		Best Men	04.01.98 to 2 1/2 yrs after release	1,002,892.00	302,377.00	NIL	302,377.00	180,309.00	34,203.00	34,203.00
	United Artists		Handing Garden	04.01.98 to 2 1/2 yrs after release	211,372.00	35,427.00	NIL	35,427.00	23,593.00	4,352.00	4,352.00
	United Artists		Sub Total		8,112,172.00	1,079,464.00		1,079,464.00	1,449,608.00	109,791.00	109,791.00

LEX-01 037938

P.05/07

LEXINGTON LINE ST.

HF4-5/LEX/596 -
00254

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0085	CHICAGO	ILL.
0086	CHICAGO	ILL.
0087	CHICAGO	ILL.
0088	CHICAGO	ILL.
0089	CHICAGO	ILL.
0090	CHICAGO	ILL.
0091	CHICAGO	ILL.
0092	CHICAGO	ILL.
0093	CHICAGO	ILL.
0094	CHICAGO	ILL.
0095	CHICAGO	ILL.
0096	CHICAGO	ILL.
0097	CHICAGO	ILL.
0098	CHICAGO	ILL.
0099	CHICAGO	ILL.

[illegible][illegible][illegible][illegible]

DEC 21 '98 11:35 FR RI ENTERTAINMENT
21/12 '98 MON 11:22 FAX 01712048769

213 689 3841 TO 16173454152
LEXINGTON LINE ST.

P.06/07

20:

HF4-5/LEX/596 -
00255

PIPELINE:

1. Royal Bank of Canada iro 'Monster by Mistake'

TSI	\$ 1,290,000	Lex =	\$300,000
Premium	\$ 129,000		\$30,000

2. Cinerenta iro 'Map of the World'

TSI	\$ 5,500,000	Lex =	\$500,000
Premium	\$ 550,000		\$50,000

3. Silicon Valley Bank iro 'Letters from a Wayward Son'

TSI	\$ 8,350,000	Lex =	\$1m?? \$500,000
Premium	\$ 835,000		\$50,000

4. Silicon Valley Bank iro 'The Calling'

TSI	\$ 2,900,000	Lex =	\$500,000
Premium	\$ 290,000		\$50,000

5. Cinerenta iro 'The Innocents/Dark Summer'

TSI	\$ 4,995,000	Lex =	\$250,000
Premium	\$ 449,500		\$25,000

DEC 21 '98 11:35 FR AI ENTERTAINMENT
21/12 '98 MON 11:22 FAX 01712048759

213 689 3841 TO 16173454152
LEXINGTON LINE ST.

HF4-5/LEX/596 -
00256

Early TVC policies via C.E. Heath. (Likely that all cases will be void due to the number and circumstances of claims)

	<u>Period</u>	<u>TSI</u>	<u>Premium</u>	<u>LEX</u>	<u>SI</u>	<u>Premium</u>
Mayfair iro 'Richard III'	24months @ 30/06/95	\$3,000,000	\$ 270,000	6.521%	\$195,630	\$17,606.70
Royal Bank of Scotland iro 'They Shoot Horses Don't They'	24months @ 26/04/95	£186,000	£5,580	6.521%	£12,129.06	£363.87
Royal Bank of Scotland iro 'In Sunshine or in Shadow'	12months @ 17/07/95	£170,419	£5,112	6.521%	£11,113.02	£333.35
Royal Bank of Scotland iro 'The Other Peak Practice'	12months @ 06/02/95	£341,766	£9,954	7.79%	£26,623.57	£775.42
Klondike Fillins iro 'Young Classics'	12months @ 27/07/94	\$13,367,105	\$1,025,257	7.67%	\$1,025,256.95	\$78,637.21
Bank Nova Scotia iro 'Deadly Wake'	24months @ 13/03/96	\$900,000	\$81,000	8.1081%	\$72,972.90	\$6,567.56
Berliner Bank iro 'Neon Bible'	1993/1994	\$948,588	\$85,873	9.23%	\$87,554.67	\$7,926.08
Berliner Bank iro 'Les Jardins des Plantes'	1993/1994	\$500,000	\$45,000	9.23%	\$46,150.00	\$4,153.50

LEX-01 037941

EXHIBIT 19

106/022/00963

CLAIM NO. 2000 Folio 552

IN THE HIGH COURT OF JUSTICE
QUEEN'S BENCH DIVISION
COMMERCIAL COURT

- (1) HIH CASUALTY AND GENERAL INSURANCE LIMITED
- (2) SPHERE DRAKE INSURANCE PLC
- (3) INDEPENDENT INSURANCE COMPANY LIMITED
- (4) A/S DET KJOBENHAVNSKE REASSURANCE-
COMPAGNI
- (5) LIBERTY MUTUAL INSURANCE COMPANY (UK)
LIMITED
- (6) NEW HAMPSHIRE INSURANCE COMPANY
- (7) ROYAL & SUN ALLIANCE INSURANCE PLC
- (8) CGU PLC
- (9) FAI GENERAL INSURANCE COMPANY LIMITED
- (10) GENERALI LLOYD VERSICHERUNG AG
- (11) AXA COLONIA VERSICHERUNG AG
- (12) KRAVAG-SACH VERSICHERUNG DES DEUTSCHEN
KRAFTVERKEHRS V&G

Claimants

- and -

- (1) THE MATRIX 'NEW PROFESSIONALS' PARTNERSHIP (a
Firm)
- (2) THE FIRST MATRIX 'NEW PROFESSIONALS'
PARTNERSHIP (a Firm)
- (3) THE SECOND MATRIX 'NEW PROFESSIONALS'
PARTNERSHIP (a Firm)
- (4) SOVEREIGN PICTURES LIMITED

Defendants

PARTICULARS OF CLAIM

Introduction

1. The Claimants are insurance companies.
2. The First and/or Second and/or Third Defendants are investors in a television series entitled 'The New Professionals', produced by David Wickes Television Limited. The Fourth Defendant is the sales agent for 'The New Professionals'. The Fourth Defendant's alter ego is David Lamping, a sales agent and marketing consultant.

106/022/00964

3. In early 1997, the Claimants agreed to insure the Defendants against the risk of pecuniary losses in respect of 'The New Professionals'. The insurance was arranged on behalf of the Defendants by brokers, Lloyd Thompson.
4. In this claim, the Claimants seek a declaration that the contracts of insurance have been, or are now, avoided by reason of misrepresentation and/or non-disclosure of material facts.

The New Professionals

5. In 1996 David Wickes, a producer, proposed making a series for television, comprising 13 episodes, inspired by the 1970s/1980s hit series 'The Professionals'. This series ("the series") was provisionally entitled 'The New Professionals'.
6. By a letter dated 16th September 1996 to Peter Hitchen of Media Affiliates Limited, a copy of which was received by Gordon Dawson of Lloyd Thompson, David Lamping gave a sales projection for the series based on David Wickes' proposed storyline and casting, the success of 'The Professionals' and the current financial position of the markets. This took the form of a schedule listing a low and high sales figure in US dollars per episode for different countries ("the First Schedule"). The total of the low figures was \$1,327,000 per episode and the total of the high figures was \$2,040,000 per episode. The letter did not give a time frame during which the projected sales could be expected to occur.
7. By a letter dated 12th October 1996 to Peter Hitchen, David Wickes estimated production costs to make the series at \$13,208,711 (or £8,521,749).
8. By 28th November 1996:
 - a. The Fourth Defendant and/or David Lamping had been appointed sales agent for the series on a commission basis;
 - b. Flashpoint Limited ("Flashpoint") and Matrix-Securities Limited ("Matrix") were arranging the financing of the series and acting as agents for the potential investors in relation to obtaining insurance, for a fee dependent upon the financing being raised;
 - c. The financing was dependent upon insurance cover being obtained against the risk of pecuniary losses.

106/022/00965

- d. Lloyd Thompson had been appointed as the Defendants' insurance brokers to obtain such insurance cover.
9. In a letter dated 28th November 1996 to Matrix, a copy of which was received by Gordon Dawson of Lloyd Thompson, David Lamping explained the low and high figures given in the First Schedule as follows:
- 'The "Low Target" is the minimum figure which can be achieved in each market for the first 13 episodes based on my expert knowledge ... not having a crystal ball I have set conservative and reachable figures accordingly.'
- 'The "High Target" is my projection over 26 episodes following the telecasting of the first series and taking full advantage of the ratings achieved.'
- 'Looking across the water at the USA I have allowed for the strong possibility of getting into a syndication there. Of course to make this occur will require the availability of a minimum of 22 episodes'
10. At the beginning of 1997, Flashpoint and Matrix, acting on behalf of the Defendants, instructed Lloyd Thompson to approach the insurance market to obtain insurance cover of £12,047,970 against the risk of pecuniary losses being incurred over a 3 year period on the basis that projected revenue from the series was \$26,520,000 (that is, the total of the high figures from the Schedule, per episode, multiplied by 13).
11. On 20th January 1997, Gordon Dawson of Lloyd Thompson reported back to Flashpoint that potential underwriters were concerned that the margin between the projected revenue and the sum insured was too narrow.
12. On 31st January 1997, David Lamping produced a further version of the First Schedule containing only the figures which had previously been described as high figures but omitting this description of them. The high figures were revised downwards slightly to \$1,925,300 per episode. A copy of this schedule was received by Gordon Dawson of Lloyd Thompson.
13. In a letter dated 5th February 1997 to Matrix, a copy of which was received by Gordon Dawson of Lloyd Thompson, David Lamping stated:

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'Traditionally , TV licenses are for 2 telecasts over 3 years or 3 telecasts over 5 years but, once a broadcaster had used up the number of telecasts agreed, the renewal potential exists immediately. It is standard practice for the purpose of establishing values for product within the television industry (and it is accepted by the top accounting firms) to add in a second and third cycle at 50% and 30% respectively of the original price. So there is a significant value on top of the figures of which you are already in possession. I have not included this additional revenue potential in my figures, but it is an important additional element which you should now take into consideration'.

14. This letter did not give a time frame during which the second and third cycle sales could be expected to occur nor did it state in which markets such second and third cycle sales could be expected to take place.

15. By a fax dated 17th February 1997 to Flashpoint, Gordon Dawson of Lloyd Thompson reported that the Second Claimant, which he had intended to be the lead underwriter, remained unwilling to underwrite the risk because the margin between the projected revenue and the sum insured was too narrow.

16. Thereafter, a further schedule of projected revenue ("the Second Schedule") was prepared by Gordon Dawson of Lloyd Thompson using David Lamping's high figures from the First Schedule as revised on 31st January 1997, but inflating those figures by 50%. Less sales commission of 7.5%, the Second Schedule gave:

'Net Revenue available to Uwrs based	
on 13 episodes	\$34,727,599'

Converted into sterling and taking into account a projected income of £500,000 from merchandising, the Second Schedule gave:

'Total Net Revenues available to	
Underwriters	£22,204,749'

There were two versions of the Second Schedule. One version contained the heading 'Projected 4 Year Revenues', the other omitted '4 Year' from the heading. The two versions were otherwise identical.

106/022/00967

The contracts of insurance

17. On or around and after 17th March 1997, Gordon Dawson of Lloyd Thompson re-presented the risk to the insurance market including the Claimants. The slip set out the proposed terms of the insurance (insofar as is relevant) as follows:

Insured: The Matrix 'New Professionals' Partnership and/or
Sovereign Pictures Ltd

Period: 24 months with effect from 16th May 1997

Interest: ... if at the expiry of the Policy Period the revenue collected is less than the Sum Insured as a result of Force Majeure, as defined, then Underwriters will pay to the Assured, at the expiry of the Waiting Period, the difference between the Sum Insured and the revenue collected

Sum Insured: £12,096,500

Conditions: As per Pecuniary Loss Indemnity Wording tba
L/U only

Waiting Period 630 days

UK law and jurisdiction

18. On or after 14th May 1997, the Claimants entered into contracts of insurance with the Defendants. The dates and amounts of each Claimant's participation are set out in Appendix 1. Save as appears in Appendix 1, the terms were as set out in the slip.
19. The Claimants were induced to enter into the contracts of insurance by the misrepresentation and/or non-disclosure of material facts, as set out below.

Misrepresentations

20. Before the contracts of insurance were concluded, Gordon Dawson of Lloyd Thompson made the following representations to the Claimants which were material to the risk:
- It had been professionally estimated by David Lamping that, based on 13 episodes, the net revenue available to underwriters from sales of the series within the 45 month period before any claim would fall to be paid (or alternatively within 4 years) would be £22,204,749.
 - This projection ("the projection") was or was reasonably to be considered conservative.

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- c. Lloyd Thompson and the Defendants believed and had reasonable grounds for believing that the projection was realistic and likely to be achieved.
- d. Lewis Collins, who had starred in "The Professionals", was contracted to appear in the series.

21. These representations were contained in, or implied by, the following:

- a. the Second Schedule; and/or
- b. a document prepared by Lloyd Thompson headed 'Re: Pecuniary Loss Indemnity - The New Professionals' stating:
'The New Professionals is employing ... Lewis Collins as Bodie'
'The amount we are seeking to place under the policy is £12,096,000 against anticipated revenues available to retire underwriters on a first out basis, of £22,204,749. The revenue figures, it has to be noted, are considered to be pretty conservative'; and/or
- c. a document prepared by David Wickes entitled 'The New Professionals' in which he outlined the story lines and casting for the series and which stated that:
'We already have Lewis Collins (one of the stars of the original series) to reprise his role as Bodie.'; and/or
- d. the inclusion in the presentation of reference to, or letters from, David Lamping.

22. The documents referred to in paragraph 21, or the substance thereof, were shown, given or sent to each of the Claimants by Lloyd Thompson before the Claimants entered into the contracts of insurance. Further:

- a. the Twelfth Claimant received those documents under cover of a fax dated 21st April 1997, which was also received by the Seventh Claimant. The fax also stated that the projected revenues were 'professionally estimated'.
- b. the Eleventh Claimant received those documents under cover of a fax dated 12th May 1997. In a fax dated 15th May 1997, Lloyd Thompson also stated to the Eleventh Claimant that

'The projected revenues are put together by The David Lamping Company'

'The figures are only medium range with low being a 'fire sale' disaster situation.'

'We are confident that the figures given are on the conservative side...'

106/022/00969

- c. the Tenth Claimant received those documents under cover of faxes dated 9th January 1997 and 17th March 1997, save that, in the document headed 'Re: Pecuniary Loss Indemnity - The New Professionals', the amount sought was £12,047,970 and the anticipated revenues were £15,898,710. By a fax to the Tenth Claimant dated 17th March 1997, Lloyd Thompson informed the Tenth Claimant of changes to the original presentation including the 45 month policy period and estimated revenues of £22.2m. The fax stated:

'By extending the overall 'recoupment' period for underwriters out to 45 months we bring in the potential of a second cycle of telecasts and therefore an additional 50% on top of the estimated revenues.'

- d. the Ninth Claimant received those documents in the same form as the Tenth Claimant;
- e. the Sixth Claimant received those documents, save for the document headed Re: Pecuniary Loss Indemnity - The New Professionals. Instead the Sixth Defendant received a document headed 'The New Professionals Pecuniary Loss Indemnity' which stated:
'48 month revenue estimates are £22,204,749..
'Edward Woodward, Lewis Collins are taking the two lead roles..'

- 23. As Gordon Dawson of Lloyd Thompson knew or ought to have known and/or as the Defendants ought to have known, the above representations were untrue and were not made in good faith.

PARTICULARS

- a. The projection had not been made by David Lamping and had not been professionally estimated. It had been made by Lloyd Thompson who had no professional competence or expertise in estimating sales revenues from television series;
- b. The projection was not supported by nor was it consistent with the figures which had in fact been estimated by David Lamping but on the contrary was inconsistent with those figures. In particular;
 - i. The projection was based on David Lamping's "high" figures, which assumed that there would be 26 episodes and a strong possibility of syndication in the USA (which itself required the availability of a minimum of 22 episodes). Those figures did not apply to a series of 13

106/022/00970

- episodes and exceeded the maximum sales which David Lamping believed could be achieved from such a series.
- ii. In arriving at the projection, David Lamping's "high" figures had been further uplifted by 50%. Such an uplift could be justified, if at all, only on the assumption that there would be a second cycle of sales in all markets within the relevant period. Lloyd Thompson had no or no reasonable ground for making such an assumption.
 - iii. Further, the figures which David Lamping considered to be conservative were, as Gordon Dawson of Lloyd Thompson knew from the letter of 28th November 1996 referred to in paragraph 9 above, the "low" figures given in that letter and not the "high" figures.
 - c. In the premises, the projection was not nor was it reasonably to be considered to be conservative.
 - d. Further, Gordon Dawson of Lloyd Thompson cannot have believed in good faith and/or neither he nor the Defendants had reasonable grounds for believing that the projection was realistic or had any real likelihood of being achieved.
 - e. Lewis Collins was not contracted to appear in the series.

Non-disclosures

24. Further and in the alternative, on 12th May 1997, before the contracts of insurance were concluded, Travers Smith Braithwaite, solicitors for the First Defendant, sent a copy of the proposed policy wording to Gordon Dawson of Lloyd Thompson. The wording contained provisions for underwriters to pay into an escrow account at the end of the policy period (2 years) the difference between the revenue collected from the series at that point and the Sum Insured and thereafter to credit that account quarterly with interest at LIBOR less 0.5% until the end of the waiting period. During the waiting period sums could be withdrawn by underwriters from the escrow account equivalent to any further revenue collected, and at the end of the waiting period the balance of the account would be released to the Defendants. This arrangement was not mentioned in and was inconsistent with the slip.
25. The existence of this proposed wording and/or the intention that the insurance policy should contain such wording were facts material to the risk which ought to have been disclosed to the Claimants.
26. Further, Gordon Dawson of Lloyd Thompson was aware that these facts were material and ought to be disclosed. In support of this contention the Claimants will rely on a fax

106/022/00971

dated 14th May 1997 from Gordon Dawson of Lloyd Thompson to Flashpoint, in which he stated:

'(1) The most worrying thing is that the PPM and wording state that Underwriters are to pay a claim into a separate interest earning account at the expiry of the Policy Period (24 months) and not at the end of the Waiting Period (45 months) as originally understood and agreed.

Underwriters are working on 4 year revenue estimates and therefore have been relatively relaxed about being asked to pay up after only 45 months but will not agree to being expected to pay after only 24, albeit into a separate account, just for the purpose of earning the investors interest. The interest earned during the 21 month Waiting Period (on Underwriters' money) should belong to Underwriters and this new concept is (a) new to me, (b) new to and un-agreed by underwriters and (c) against the original principle/ reason for introducing the Waiting Period.'

'.. they are important issues especially (1) which I assume is crucial for Matrix as it potentially raises another £1.48m for investors. Underwriters will need to be made aware of this and they won't like it.'

27. Notwithstanding the above, the facts referred to in paragraph 25 were not disclosed to the Claimants before the contracts of insurance were made.
28. Further, by a fax dated 16th May 1997 to the Eleventh Claimant, Lloyd Thompson represented in response to a request to explain the Waiting Period:

'The Waiting Period on the slip is simply a method of extending the period available to underwriters in which to recoup adequate revenues to be released from liability. On this basis there cannot be an actual paid claim to the Assured until 24 months and 630 days from 16th May 1997. If there is a shortfall between the revenues collected in that 45 month period and the Sum Insured, then that will be the claim paid.

106/022/00972

We introduced the Waiting Period on the basis that some of the companies writing this policy are not allowed to write a Policy Period of more than 24 months.'

29. In the light of the proposed policy wording, and as Gordon Dawson of Lloyd Thompson knew or ought to have known and the Defendants ought to have known, this was a misleading and false explanation of the Waiting Period in that it omitted all mention of interest.
30. Further, the Second Claimant, alternatively the First and Second Claimants, were lead underwriters and, as Gordon Thompson of Lloyd Thompson knew or ought to have known and as the Defendants ought to have known, were considered by the Third to Twelfth Claimants (inclusive) to be experienced in this field of underwriting such that the Third to Twelfth Claimants were also induced to underwrite the risk by the fact of their participation. Lloyd Thompson failed to disclose to the Third to Twelfth Claimants (inclusive) that the Second, alternatively the First and Second, Claimants had been induced to underwrite the risk by the misrepresentations and non-disclosures referred to above.

Policy Wording

31. On or about 3rd June 1997, and notwithstanding that the First Claimant was not the lead underwriter, or alternatively was not the sole lead underwriter, Gordon Dawson of Lloyd Thompson on behalf of the Defendants presented the proposed policy wording referred to in paragraph 24 herein to the First Claimant for agreement.
32. Despite the knowledge of Gordon Dawson as set out in paragraph 26 herein, Lloyd Thompson orally represented to the First Claimant's underwriter, Steven Mitchell, that the policy wording was on the same terms as appeared in the slip and failed to disclose the facts referred to in paragraph 25 herein which were known to Gordon Dawson and ought to have been known by the Defendants. The representation was untrue for the reasons set out in paragraph 26.
33. In consequence, Steven Mitchell scratched the policy wording on behalf of the First Claimant which he would not have done if the facts referred to in paragraph 25 had been disclosed and/or the representation referred to in paragraph 32 had not been made.

106/022/06973

34. In the circumstances, no true agreement was reached with the First Claimant as to the policy wording and/or any agreement reached was voidable by reason of misrepresentation and non-disclosure and/or does not bind the other Claimants.
35. Further, notwithstanding the conditions referred to in Appendix 1 hereto, the proposed policy wording referred to in paragraph 24 herein has not been agreed with the Third and Eleventh Claimants.

Avoidance

36. In the circumstances, the Claimants are entitled to and have avoided the contracts of insurance, alternatively do so now.

AND THE CLAIMANTS DO CLAIM:

A declaration that the contracts of insurance between the Claimants and the Defendants are void ab initio.

GEORGE LEGGATT QC
MARION EGAN

The Claimants believe that the facts stated in these Particulars of Claim are true.

I am duly authorised by the Claimants to sign this statement


.....

John E Hall

Partner CMS Cameron McKenna

106/022/00974

APPENDIX 1

<u>Claimant</u>	<u>Amount in £</u>	<u>Conditions attached</u>	<u>Date Scratched</u>
(1) HIH	3,925,000	Subject to reinsurance of 3.5m	14.5.97
(2) Sphere Drake	300,000	All amendments to be agreed notwithstanding slip	19.5.97
(3) Independent	1,250,000		2.6.97
(4) Kjobenhavnske	350,000		15.5.97
(5) Liberty Mutual	400,000		15.5.97
(6) New Hampshire	1,293,161		27.5.97
(7) Royal & Sun	100,000		29.5.97
(8) CGU	250,000		30.5.97
(9) FAI	325,000		15.5.97
(10) Generali Lloyd	1,500,000	Inclusive of 500,000 fronting for Cologne Re	30.5.97
(11) Colonia	1,677,549	Subject to agreement to policy wording	28.5.97
(12) Kravag	725,790 (6%)		28.5.97

EXHIBIT 20



JLT RISK SOLUTIONS
Limited

To Keith Peacock
Company Lexington, London
Fax No 480 6266
Date 1 November 1999
From Mark Drummond Brady
Financial Risks

5 Crutched Friars
London EC3N 2PH
Telephone 0171 525 4000
Direct Line 0171 558 3569
Facsimile 0171 556 3623

No. of Pages
inc. front sheet

3

Facsimile

Init:	<i>[Signature]</i>
Ref:	<i>[Signature]</i>

FLASHPOINT MARKET MEETING

At JLT's Offices

10.30 Tuesday 2nd November 1999.

Please find attached a proposed agenda for the meeting.

We feel that the agenda should centre around the transactions where expiry is imminent, even though some of these do not directly affect all of those attending.

The aim of the meeting is to establish, across the board, how the Market wish to deal with Flashpoint (and Flashpoint projects) in principal, going forward. The reason for looking at specific cases is to examine, in each case, the efficacy (or otherwise) of Flashpoint's performance and to arrive at a consensus among the major market players as to how the market wishes to proceed in this relationship. Therefore, we hope to avoid discussion on any specific differences of opinion among those present on the specific case issues, concentrating instead on the market vis a vis Flashpoint.

I am happy to chair the meeting and to address the agenda, whilst recognising that discussion may flow fairly freely.

Please also find attached a list of attendees for your information.

Best Regards

Jenny Flanagan

MARK DRUMMOND BRADY

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A company incorporated with liability limited by shares
Registered Office: 5 Crutched Friars, London EC3N 2PH. Registered in England No. 1634540. Vat No. 244 2321 96

59/AIG/KP1 -
00030

LEX-01 006949



FLASHPOINT MARKET MEETING

*JLT's Office
10.30 a.m.
Tuesday 7th November 1999.*

ATTENDEES

Richard Jervis	HIH
Cecelia Polato	Kemper
Chris Burbridge	GenStar
Andrew Cox	GenStar
Eric De Rott	Axa
Mrs. Nimhran	Axa
Mrs. De La Croix	Axa
Rob Wood	AIG
IBA KJP H	Lexington

59/AIG/KP1 -
00031

LEX-01 006950



FLASHPOINT MARKET MEETING

*JLT's Office
10.30 a.m.
Tuesday 2nd November 1999.*

AGENDA

- | | | |
|----|---|-----|
| 1. | Introduction | MDB |
| 2. | 7.23 - The Flashpoint Offer | All |
| 3. | Rojak - The Flashpoint Offer | All |
| 4. | It Had To Be You | All |
| 5. | Award | All |
| 6. | Market Consensus on Flashpoint Relationship | All |
| 7. | Loss Adjusters / Auditors | All |
| 8. | Summing Up | MDB |
| 9. | Any Other Business | All |

59/AIG/KP1 -
00032

LEX-01 006951

Meeting
2nd November 1999 – 10.50 a.m.
Flashpoint

See Agenda

See Listing of Attendees – “Not all Underwriters were represented.”

M.D.B. Happy to host the meeting but pointed out JLT remains the insured's representative. N.B. JLT are Lex's Agent in placing our rein's

- (1) In some cases Flashpoint of Agents
- (2) In some cases Flashpoint of Principal as respects the Colatorial Agreement which complicated the issue.

JLT's view is that Flashpoint is desperately keen to make insurers whole, but does the market want to work with Flashpoint. Appears “some” insurers are very anti Flashpoint.

Reports on 7.23)
Rojack) Available at the meeting
Awards)

7.23 (Hollywood Funding #1)

Claim has been paid. \$15m total loss. Paid by HIH, some R/I not paid as yet
Offer from Flashpoint is that because Flashpoint has no beneficial ownership as claim has been paid.

- (1) They will match offer for residual value.
- (2) Reimburse U/W's over a period of time to the amount of 2m per annum if their financial position allows up to \$10m.

GEN STAR: ? Original (when Underwriting) sales estimates, how arrived, ? fraudulent.

AXA: Why are Flashpoint being so generous

Y2K: Because Flashpoint are building a business and will need insurance going forward.

GEN STAR: View is that Flashpoint have on interest in building a LIBRARY!
Why not more than \$10m – say all of the 15m plus interest.
Residual value of 10m s on the high side.
ICE Media's value views.

AIG: Questioned also the veracity of the original value.

HF4-6/LEX/386 -
00034

JLT: Big problem with the Underwriting was that there was not enough time allowed contractually, in the insurance policy, to bring the individually film revenues to a given level.

ROJAK: Claim due Tuesday 8th November 1999
Hollywood Claim due mid December 1999 -amount \$15m
Funding #2

KEMPER: Promotional and expenses generally for marketing is HIGH so how can they not have sales. Why have FLASHPOINT NOT done better in actual sales.

AIG: Original slat completed 7 out of 10 - very little funds left in their budgets.

JLT: When slats put together it is a Joint Venture with an often at the behest of the sales agents which takes into account the available of certain stars. This sometimes reduces the number of films in a slat. Flashpoint have had problems with sales agents and have changed their income cases.

GEN STAR: ? Completion bond insurers responsibilities

AXA:

JLT: Offer is to that Flashpoint will re-finance for a further 12 months at the own cost.

GEN STAR: How will Flashpoint do this

JLT: They will raise a new bond. There is only a brief window in time available because of the Y2K issue. Re-issue will involve the duplication of legal effort i.e. like the original deal.

?? Cost and to whom

KEMPER: Will the film not still be a loss after the extension period.

JLT: Pointed out that because of the S & P rating insurers must meet payment obligations on the appointed days not to do so could invoke a "rating" problem.

GEN STAR: From whom was the original money raised?
We have the opportunity to audit US sales so far and likely future sales.

HIH: Have brought in adjuster - - Auditors. Adjusters are very good at beginning the process. The Adjusters involved are G.W.T. - Howard Diamont, Cameron McKenna - John Hall.

HF4-6/LEX/386 -
00035

LEX-01 041258

Forensic Auditors – TBA. HIH the market and reinsurers with no response as respects the above companies – HIH are applying this to whole of their Film Business portfolio. HIH view s that until they get a view from the above firms it is unlikely to agree to an extensive on policy re-issue.

JLT: Agree that FLASHPOINT should start the process pending the insurers investigating.

HIH: Stated that FLASHPOINT would meet all the costs. Financial costs are the main costs and we should proceed with the process even if insurers ultimately and because of the Adj etc advice decline to get involved in any extension on re-financial.

AIG: Will seek Senior Managements view and respond today.

HIH: There appears to be revenues coming through, so 12 months may be in order – 24 months would be better

AXA: Still concerned about the revenue/sales reporting. They do not find FLASHPOINT in any way reliable on anything.

JLT: All of these arguments are fine, but is there a consensus subject to contract to extend.

IT HAD TO
BE YOU
AWARD

Similar to ROJAK

HIH 7.23 Offer – Would FLASHPOINT guarantee the offer and what expectation have we that they can meet these payback schedules. Is there anybody else unlikely to bid (Jean Mitchell involvement).

GEN STAR: May not ROJAK investigations influence any deal considered on 7.23. They feel they have a possible \$250m loss.

JLT: Repeated that FLASHPOINT would look to match any other offers.

HIH: Does the meeting feel that HIH should go ahead and get alternative offer. FLASHPOINT need to make a stronger promise.

JLT: Meeting FLASHPOINT on the 3rd November to report on this meeting.

KEMPER: Concerned that FLASHPOINT do not respond to letter etc. Why have JLT not gone to the banks involved as they're the insured.

AXA: There is a need to CLARIFY – RISK BY RISK – who are the respective players, what are their responsibilities.

HF4-6/LEX/386 -
00036

LEX-01 041259

AIG) Why would we not expect all of the FLASHPOINT projects to be a
KEMPER) loss. So should we not let HIH proceed as mentioned above.
GEN STAR)

JLT: Pointed the importance of insurance doing something new!

BREAK - WITHOUT JLT

GENSTAR: Pointed out HIH & LEX are the issuing companies

AIG: Want to investigate across the board.

AXA: Assets are the movies! Need to consider the value.

GEN STAR: Cameron McKenna – am subject to conflict. They have a contact in California who could be of assistance in valuing and dispensing f not divulged. Ice Media are another possible solution finder.

AIG: Through investigation in all maters.

GEN STAR: Not happy with GWT
ICE Media am also under question.

Chuk "IT HAD TO BE YOU" as respect our interest and that of
KEMPER RE. They went approved SILICON VALLEY BANK.

AIG: Feel that closing down the FLASHPOINT operation –

AXA: JLT love an E&O problem.

AXA: Statements made by FLASHPOINT that earlier films ROJAK for instance would make enough to carry the slat.

GEN STAR)
AIG) We should conduct an overall investigation
KEMPER)

GEN STAR: Should we not introduce a third party to "Run Off"
FLASHPOINT and all of their films.

KEMPER: Problems on the Sales Agents ("Arthur Camenack") they can't sell - ?
also "Artists View".

AIG: Let HIH run with it for the moment.

KEMPER: Have told JLT to tell HIH that they will not be paying claims until
further notice.

HIH: To fax the meeting within 24 hours – details of how he will progress
matters.

HF4-6/LEX/386 -
00037

LEX-01 041260

GEN STAR: Who (Lawyer) should be – NOT INCE – Go for Cameron McKenna –
Go for John Hall – Get a resume – he is already on ROJAK.

HF4-6/LEX/386 -
00038

LEX-01 041261

89.30

3. NOV

JCT

Meeting - Freshpoint -

2-NOV-99 - 10.50

See Agenda

See Listing of attendees. - "Not all up's were represented."

N.D.B. Happy to host the meeting but pointed out JCT remains the insured's representative.

NS: JCT ARE LEX'S AGENT IN PLACING OUR REINS

(1) In some cases Freshpoint of Agents

(2) — " — — — — —

Principal is respects the COLATERAL Agreement which complicates the issue

JCT's view is that Freshpoint is desperately keen to make insurers whole, but does the market want to work with Freshpoint. Appears "some" insurers are very anti Freshpoint.

Reports on

7.23

ROSAK

INWARDS

available at the meeting.

* Some table lost
PAID BY HIT. Some R/S not paid as yet

HF4-6/LEX/386 -
00039

7.23 - ~~Claim has~~
allaywood Funding

been paid.

Offer from Freshpoint is that

because Freshpoint has no beneficial ownership as claim has been paid.

(1) they will match offer for residual value

(2) Residual over a period of time to the amount of 2m per annum if their financial position allows up to \$10m.

RENSHAW: ? original (Then upring) sales estimates, how arrived, ? fraudulent

AXA : why are Freshpoint being so generous

JCT : Because — — — — — we building a business and will need ins going forward.

LEX-01 041262

LEWIS: - ~~Need~~ That Freshpoint have an interest in licensing a LIBRARY!
- Why not more than 10m - say all of the 15m plus interest.
- Residual value of 10m is on the high side.
- ? ICE MEDIA's value view.

ALG: - Questioned also the validity of the original value.

SET: - Big problem with the underwriting was that there was not enough time allowed contractually, ~~as~~ in the insurance policy, to bring the ~~an~~ individual film revenues to a given level.

POJAK: ~~Slab~~ Claim due Tuesday 8th Nov. 99 Claim due mid Dec 99 - Amount \$15m

KEMPER: Promotional ^{and} expenses generally for marketing is HIGH so how can they not have sales. Why have Freshpoint NOT done better in actual sales.

ALG: Original Slab ~~not~~ completed 7 out of 10 - very little funds ~~not~~ left in film budgets.

ALG: When Slabs put together it is a Joint Venture with an offer at the behest of the Sales Agents which takes into account the availability of certain stars. This sometimes reduces the ~~number~~ number of films in a slab. Freshpoint have had problems with Sales Agents and have ~~the~~ changed them in some cases.

ANSTAR: ? Completion Bond increases responsibilities.

HF4-6/LEX/386 -
00040

9XA: -

FLT: Offer is to let Freshpoint will re-finance for a

further 12 months at the ~~own~~ cost.

- Jason — Had 2nd Flashpoint do this
 HT — They will raise a new bond. There is only a time window in time available because of the ~~Y2K~~ issue. Reissue will involve the duplication of legal effort i.e. like the original deal.

?? Cost and to them.

- Kemp — Will the film not still be a loss after the extension period.
 — Pointed out that because of the S+P rating. Investors must meet payment obligations on the appointed day, not to do so ~~will~~ could invoke a "rating" problem.
 Jason — From SK — was the original money raised?
 — Se have the opportunity to addit vs sales so far and likely future sales.
 HH — Have brought in Adjuster — Lawyers — Auditors. Adjusters are very good at beginning the process. The Adjusters involved are R.W.T — Howard Dismont
 Cameron McKenna — John Hall

HF4-6/LEX/386 -
00041

Forensic Auditors — TBA

HH covered the market ^{the insurers} with no response or reports from above companies — HH are applying this to Shell of their Film Business portfolio.
 HH view is that until they get a view from the above firms it is unlikely to agree to an extension on policy re-issue.

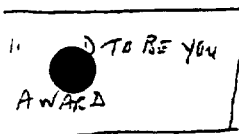
- HT: — agreed that Flashpoint should start the process pending the insurers investigating.

HH — stated that Flashpoint would meet all the costs. Financial costs are the main costs and we should proceed with the process even

LEX-01 041264

4

- If insurers ultimately and because of the Adj. etc. advice decline to get involved in any extension on re-financed.
- ALG - Will seek Senior Management's view and get ^{response} ~~it~~ today.
- H1H - There appears to be revenues coming through, so 12 months may be in order - 24 months would be better -
- AXA - Still concerned about the revenue/sales repeating. They do not find Freshpoint in any way viable on anything.
- ILT - All of these agreements are final, but is there a contract subject to contract to extend.



Similar to ROSAK

- H1H - 7.23 offer - Would Freshpoint guarantee the offer and that expectation have ⁱⁿ that they can meet their payroll schedules. Is there anybody else likely to bid. [Team Mitchell involvement ???]
- ROSAK - May not ROSAK investigations influence any deal considered ~~off~~ on 7.23. They feel they have a possible ^{#250m} loss.
- ILT - Repeated that Freshpoint would look to match any other offers.
- H1H - During the meeting feel that H1H should go ahead and get alternative offer. Freshpoint need to make a stronger promise.
- ILT - Meeting Freshpoint on the 3rd Nov to report on this meeting.
- ROSAK - Concerned that Freshpoint do not respond to letters etc. why have ILT not gone to the banks involved as they're the insured.
- AXA - There is a need to convey - Risk by Risk - who are the respective players, what are their responsibilities.
- ALG - ROSAK - } Why could we not expect all of the Freshpoint projects to be in loss. So should we not let H1H proceed as mentioned above.
- ILT = Pointed the importance of insurance doing something now!

BREAK - WITHOUT ILT

HF4-6/LEX/386 -
00042

Then even = Pointed out that H1H + Lox on the Group companies

ALG - Want an investigation across the board.

LEX-01 041265

5

AXA — Assets are the movies! I need to consider the value

Gen Star — Common Mckenna — are subject to conflict
 They have a contact in California who could be of assistance
 in valuing and disposing of same not divulged for ICE MEDIA are ^{another} ~~the~~ possible solution
 finder.

AIG — Thorough investigation in all matters

Gen Star — Not happy with GWT
 ICE MEDIA are also under question.

● → Check "IT HAD TO BE YOU" is hoped was interest and
 that of Kemper Re. They want approach SILICON
Valley Bank

AIG — Feel that closing down the Foxpoint operation —

AXA — Not have an E+O problem.

AXA — Statements made by Foxpoint that certain films Royak
 you instance would make enough to carry the slab.

AIG —
 Axia —
 Kemper — } We should conduct an overall investigation

Gen Star — Should we not introduce a third party to "turn off"
 Foxpoint and all of their films.

Kemper — Problems on the Sello Rfarms ("Antenna Connect") they
 can't sell — ? also "Artists View".

AIG — Let HIT men with it for the moment.

Kemper — Have told HIT ~~that~~ to tell HIT that they will not be paying
 claims until further notice.

HF4-6/LEX/386 -
 00043

LEX-01 041266

H1H. - to fix the meeting within 24 hours - details of how he
will progress ~~the~~ matters.

Re: Stan - Who (lawyer) should be - NOT INCE - Go for Cameron
McKenna - Go for John Hall - Get a resume' - He is
already in RETAK.

2
11
44
13.00

HF4-6/LEX/386 -
00044

LEX-01 041267

EXHIBIT 21



General Star International Indemnity Ltd
 First Floor, 50 Mark Lane, London EC3R 7QH
 Telephone: (0171) 553 8800
 Facsimile: (0171) 553 8801

FACSIMILE TRANSMISSION

TO	Richard Jarvis
COMPANY	HH Casualty & General Insurance Limited
FACSIMILE NO	020 7458 2400
DATE	05 November 1999
NO. OF PAGES (INCLUDING COVER)	1
SUBJECT	Flashpoint Meeting on 2 November 1999

Remarks ☐ URGENT ☐ For your review ☐ Reply ASAP ☐ Please Comment

Thank you very much for your fax of 3 November.

We are content with your proposals and I thank you for your thoughtful approach to these difficult issues.

You will appreciate that our confidence as to whether Flashpoint will be able to produce firm and meaningful proposals within your time scale is not high. Thus, I trust that involved Underwriters will resolve collectively to take firm action to mitigate their exposure from Flashpoint's activities as a whole.

With regard to legal assistance, I think it would be helpful if John Hall of Cameron McKenna could attend your proposed meeting on 18 November and advise the attendees how he and his firm can assist us in relation to Flashpoint generally. It would seem sensible for Underwriters involved to have a single legal representation although I recognise that Underwriters including ourselves may need to appoint our own counsel.

Regards

Christopher Burbidge
 Managing Director

cc. Rob Wood - AIG (280 8840)
 Eric Derotte - Axa (33 156 439 089)
 Keith Peacock - Lexington (480 6266)
 Cecilia Polato - Kemper Re (00324 232 1996)

- Noted

HF4-6/LEX/386 -
 00033

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LEX-01 041256

EXHIBIT 22

Flashpoint

106/004/01104

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FACSIMILE TRANSMISSION

TO	DOMINIC COLLINS	FROM	DAVID FORREST
COMPANY	JLT RISK SOLUTIONS	COMPANY	FLASHPOINT (UK) LTD
LOCATION	LONDON	LOCATION	LONDON
FAX NO		FAX NO	+44 (0)207 930 9316
PAGES	1	DATE	November 18, 1999

U R G E N T – PLEASE DELIVER IMMEDIATELY**SUBJECT: HOLLYWOOD FUNDING NO 2 – ROJAK**

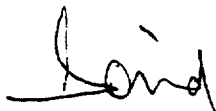
Dear Dominic

A serious situation has arisen during the recent discussions relating to a claim due on 29th November 1999 for Hollywood Funding No 2 – Rojak. I understand that whereas HIH are not prepared to say that the claim is not covered, they are sending a signal to your claims department (Chris Geggus) that they will, in all probability, not pay the claim because they cannot collect under the reinsurances placed by JLT on both Hollywood Funding No.1 and anticipated to be the case on Hollywood Funding No.2. In particular, it is reported to me that AIG, who are a significant reinsurer of HIH on this account (and also on the previous claim), are refusing to pay under the reinsurance placed by JLT. Hence HIH are suggesting that they will NOT be in a position to be able to make the full payment of the claim on the due date. This is unacceptable and will result in a default under the bond issue that may well start a chain of litigation.

It would appear that AIG's decision not to pay a reinsurance claim to HIH is tied up with their decision to retrocede their entire book of film financing to GenStar. It appears that GenStar is creating bad feeling amongst the remainder of the reinsuring panel and preventing the achievement of a commercial resolution to this matter. I believe that Chris Geggus needs the help of his colleagues and that perhaps the time has come for JLT to discuss this matter at a higher level. This has an implication for the later and larger deals brokered by JLT and led, as you know, by Lexington. I understand that the entire Board of Genstar attended a meeting with HIH this morning and are, as a retroactive retrocessionaire, preventing HIH from dealing with the issue at hand. The AIG must deal with HIH independently of their retrocession to GenStar – that is AIG's problem, not HIH's.

Please can you assist in bringing whatever pressure JLT can on the senior management of both HIH and AIG to deal with the reinsurance claim in a professional and correct manner so that we can all move forward in a constructive way.

Warmest regards



DAVID FORREST

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LEX-01 093370